



LINDA S. ADAMS  
SECRETARY FOR ENVIRONMENTAL  
PROTECTION

# CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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July 28, 2008

Mr. Thomas R. Finn, Director  
San Joaquin County  
Solid Waste Division  
1810 East Hazelton Avenue  
Stockton, CA 95202-1810

RE: FINAL REPORT – SAN JOAQUIN COUNTY, GRANT AGREEMENT  
UBG10-04-0019

Dear Mr. Finn:

Enclosed is the final report on the audit of San Joaquin County's Used Oil Block Grant. This audit, required by Public Resources Code, Section 48657, included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions for grant number UBG10-04-0143, awarded for the period July 1, 2004 through June 30, 2007.

CIWMB congratulates the County on the results of this audit. No finding resulted from review of County provided information. Although, this review was selective and any result cannot be applied with certainty to County's grant program as a whole, we believe that this audit report is reflective of County's proper grant administration. This final report is intended for your use only.

If you have any questions regarding this report, please contact George Mendoza, Audit Manager, at (916) 324-1358 or gmendoza@ciwmb.ca.gov.

Sincerely,

Susan Villa, Branch Manager  
Fiscal Services Branch  
California Integrated Waste Management Board

Enclosure

cc: Desi Reno, Integrated Waste Manager, San Joaquin County  
David Gorton, Management Analyst, San Joaquin County  
Corky Mau, Manager, Development & Implementation Branch, CIWMB  
Steve Hernandez, Supervisor, Grant Programs – A, CIWMB  
Carl Coaxum, Auditor, Audits and Evaluations Unit, CIWMB  
CIWMB Audit Unit Files





**A GRANT AUDIT**

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**San Joaquin County**

**Used Oil Recycling Bock Grant**

**Final Audit Report**

**Grant UBG10-04-0143**

**For the Period July 1, 2004  
through June 30, 2007**

**Prepared By:  
California Integrated Waste Management Board  
Audits and Evaluations Unit**

**July 2008**

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## **PREFACE**

The California Integrated Waste Management Board awarded UBG10-04-0143 Used Oil Recycling Block Grant to San Joaquin County. The grant agreement was funded by the Used Oil Recycling Fund.

The grant agreement was as follows:

<b>Grant Agreement</b>	<b>Amount</b>	<b>Audit Period</b>
UBG10-04-0143	\$157,909	07/01/04 – 06/30/07

The objective of this audit was to determine San Joaquin County's compliance with the grant agreement. The audit also assessed San Joaquin County's compliance with fiscal and statutory requirements, as well as a review of internal controls.

This report is intended for the information and use of CIWMB and County's management. However, this report is a matter of public record and its distribution is not limited.

## **STAFF:**

Carl Coaxum  
Auditor



## AUDITOR'S REPORT

Mr. Mark Leary, Executive Director  
California Integrated Waste Management Board  
1001 I Street, MS-25A  
Sacramento, CA 95814

The Audits and Evaluations Unit conducted an interim audit of San Joaquin County's (County) Used Oil Recycling Block Grant. Public Resources Code, Section 48657, requires California Integrated Waste Management Board (CIWMB) shall conduct a selective audit of entities to determine whether grants and recycling incentives are being paid out properly. This audit report meets this statutory requirement and is intended for the information and use of CIWMB and the County's management.

This audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions for UBG10-04-0143, for the period July 1, 2004 through June 30, 2007.

To summarize the grant receipts and expenditures, prepared was Statement of Revenue and Expenditures for this agreement executed between CIWMB and County. The Statement was prepared from County's records and is the responsibility of the County's management. The audit responsibility is to provide management reassurance on the propriety of grant payments as represented by the Statement.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide reasonable assurance as to whether County is compliant with the requirements of the grant agreement. An audit includes examining, on a substantive and control test basis, evidence supporting sample amounts listed in the Statement and grant compliance disclosures.

As part of the audit, County did provide a management representation letter. This letter is to confirm County's representations provided to us explicitly or implicitly, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

## **Compliance**

The Statement represents fairly, in all material respects, the claimed and audited revenue and expenditures for the grant agreement.

As part of obtaining reasonable assurance on the Statement, we performed tests of County's compliance with certain regulations and the grant agreement. The results of our tests disclosed compliance with the grant agreement requirements and are fully described in the accompanying Findings and Recommendations Section.

## **Management Controls**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures on the Statement and not to provide assurance on the internal control over financial reporting.

This report is intended solely for the information and use of the CIWMB and County's management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Susan Villa, Branch Manager  
Fiscal Services Branch  
(916) 341-6092

July 28, 2008



# STATEMENT OF REVENUE AND EXPENDITURES

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**El Dorado County**  
**Used Oil Recycling Block Grant UBG10-04-0019**  
**For the Period July 1, 2004 through June 30, 2007**

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Revenue:</b>			
State Grant	<u>\$157,909.00</u>	<u>157,909.00</u>	<u>\$0.00</u>
Total Revenue	<u>\$157,909.00</u>	<u>157,909.00</u>	<u>\$0.00</u>
 <b>Eligible Expenditures:</b>			
Permanent Collection Facilities	\$ 51,423.76	\$ 51,423.76	\$0.00
Publicity and Education	\$ 100,668.15	\$ 100,668.15	\$0.00
Personnel/Other	\$ 5,817.09	\$ 5,817.09	\$0.00
Total Expenditures	<u>\$157,909.00</u>	<u>\$157,909.00</u>	<u>\$0.00</u>
 <b>Excess of Revenue over Expenditures</b>	<u>\$0.00</u>	<u>\$0.00</u>	
			<u>\$0.00</u>
			<u>\$0.00</u>

The accompanying notes are an integral part of this statement.

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## **NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES**

**San Joaquin County  
Used Oil Recycling Block Grant  
UBG10-04-0143  
For Audit Period of July 1, 2004 through June 30, 2007**

**Note 1** Description of the Reporting Entity

San Joaquin (County), a political subdivision of the State of California governed by an elected Board of Supervisors, exercises the powers specified by the Constitution and statutes of the State. The County's reporting entity includes all significant organizations, departments, and agencies over which the County's Board exercises oversight and budgeting responsibilities. The County's Public Works Department had general responsibility for this grant project.

**Note 2** Program Information

The California Integrated Waste Management Board (Board) administers the California Oil Recycling Enhancement Act, which includes the disbursement of Used Oil Recycling Block Grants (UBG) from the Used Oil Recycling Fund.

The Legislature enacted the California Oil Recycling Enhancement Act (Public Resources Code Sections 48600 - 48691) to reduce the illegal disposal of used oil, and to recycle and reclaim used oil to the greatest extent possible, in order to recover valuable natural resources and to avoid damage to the environment and threats to public health. The UBG program awards grants to local agencies, which use the funds to implement used oil collection programs.

**Note 3** Descriptions of Used Oil Recycling Block Grant

The County received a grant award of \$157,909, (grant agreement UBG10-04-0143). The grant terms covered the overall period June 30, 2004 through June 30, 2007.

The County's primary goals for the UBG were to safely and properly manage and recycle used oil, assist with the diversion of used oil from local municipal waste streams, and assist with the prevention of environmental degradation. It has been determined that this arrangement between the neighboring counties is cost effective because of San Joaquin County's medium size and resources.

**Note 4** Summaries of Significant Accounting Policies

**A.** Basis of Presentation

The Statement presented in this report was prepared from the County's accounts and financial transactions. The Statement summarizes revenue and expenditures recorded by the County during the reporting periods referenced in Note 3. It is further noted that the County did not record the financial transactions in accordance with Grant Agreement – Exhibit B (Procedures and Requirements) UBG10-04-0143, which contains guidance for the grant.

The Statement summarizes the County's transactions pertaining to UBG10-04-0143. They are not intended to represent all of the County's financial activities.

**B. Basis of Accounting**

The County's accounts are maintained on the modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

**Note 5**

During the performance of this audit, we observed that the County does govern its Used Oil Recycling Block Grant in accordance with the Terms and Conditions and Procedures and Requirements of the Grant Agreement.